

Date Mailed  
June 17, 1998

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Madison Gas and Electric  
Company for Authority to Change Electric  
and Natural Gas Rates

3270-UR-109

**NOTICE OF INVESTIGATION, ASSESSMENT  
OF COSTS, AND PREHEARING CONFERENCE**

<b>Prehearing Date:</b>	<b>July 8, 1998, 1:30 p.m.</b>
<b>Hearing Location:</b>	<b>Public Service Commission 610 North Whitney Way Madison, Wisconsin</b>

On April 15, 1998, Madison Gas and Electric Company (MG&E) filed an application with the Public Service Commission of Wisconsin (Commission) under ss. 196.03, 196.20 and 196.37, Stats., for authority to increase rates for electric and natural gas service.

The application states in part:

Madison Gas and Electric Company's present electric and natural gas rates are unreasonable and unjust because they yield revenues that are inadequate to produce a return on equity sufficient to attract and maintain capital at reasonable rates. MG&E therefore proposes to increase electric rates by \$14.6 million (8.9 percent) and natural gas rates by \$4.6 million (4.5 percent) effective January 1, 1999.

Reasons for the proposed increases include: (1) increased fuel and related costs that reflect the current tight supply of electricity; (2) increased costs to assure electric reliability; (3) increased construction costs to provide customers better access to low-cost gas; and (4) increased costs to implement technological solutions that will ensure "Year 2000" compliance.

Copies of MG&E's proposed testimony and exhibits relating to rate of return, demand-side management, and revenue requirement were submitted with the application. On May 1, 1998, MG&E submitted proposed testimony and exhibits relating to electric and gas cost of service and rate design and its gas cost incentive mechanism.

The electric rate design proposal included an overall increase in total residential customer revenue of 11.3 percent. Total small and large commercial revenue was proposed to increase 8.9 percent and 6.6 percent, respectively. The revenue from total lighting and miscellaneous class revenue was proposed to increase by 0.4 percent.

MG&E requests an overall increase in natural gas rates of 4.5 percent. This overall increase in natural gas rates consists of a 7.5 percent increase in rates to the residential customer class, an 0.8 percent increase in rates to the commercial and industrial customer classes, a 0.3 percent increase to seasonal off-peak rates, and a 3.4 percent increase to compressed natural gas rates.

It is appropriate that a prehearing conference be scheduled at this time for the purpose of (1) identifying the persons who will actively participate as full parties; (2) specifying dates for filing prefiled testimony and exhibits; (3) providing for data requests; (4) identifying and designating the issues; and (5) considering such other matters as will facilitate the hearing. Full parties will be bound by the designation of issues and the schedules adopted at the prehearing conference. Consequently, persons who consider themselves to be potential full parties should take part in the prehearing conference. If you intend to participate as a full party, please indicate such interest in writing to the Public Service Commission at P.O. Box 7854, Madison, Wisconsin, if you have not already done so. Full party status must be requested in writing to the Examining Division pursuant to s. PSC 2.32(3), Wis. Adm. Code.

Copies of Madison Gas and Electric Company's filing may be obtained by written request to Mr. Jeff Newman of Madison Gas and Electric Company at his office at P.O. Box 1231, 133 South Blair Street, Madison, Wisconsin 53701-1231, or by calling him at (608) 252-7000.

This is a Type III action under s. PSC 4.10(3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

**NOTICE IS HEREBY GIVEN** that the Commission considers it necessary in order to carry out its duties to investigate the books, accounts, practices and activities of Madison Gas and Electric Company. The expenses incurred or to be incurred by the Commission which are reasonably attributable to the investigation will be assessed against and collected from Madison Gas and Electric Company in accordance with the provisions of s. 196.85, Stats, and ch. 5, Wis. Adm. Code.

**NOTICE IS FURTHER GIVEN** that this matter is a Class 1 proceeding as defined in s. 227.01(3)(a), Stats.

**NOTICE IS FURTHER GIVEN** that Commission staff shall file a synopsis or summary of the testimony or other evidence presented at the hearing in this case. The parties, pursuant to s. 196.24(3), Stats, as amended by 1997 Wisconsin Act 204, Section 24, may demonstrate that a synopsis or summary is not sufficiently complete or accurate to fairly reflect the relevant and material testimony or other evidence presented at the hearing.

**NOTICE IS FURTHER GIVEN** that a prehearing conference will be held on July 8, 1998 at 1:30 p.m. at 610 North Whitney Way, Madison, Wisconsin, Amnicon Falls Hearing Room (first floor). This building is accessible to people in wheelchairs through the Whitney Way main floor entrance (Lobby). Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs accommodations should contact Richard Teslaw at (608) 267-9766.

If there are any questions regarding the prehearing conference scheduled in this notice, please contact Donna Paske, Examining Division, at (608) 266-7173.

Other questions regarding this matter may be directed to Ron Manke, Case Coordinator, at (608) 266-0910.

Dated at Madison, Wisconsin, \_\_\_\_\_

By the Commission.

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Lynda L. Dorr  
Secretary to the Commission

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